

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 SPC-03 PER-05 SS-20 A-01

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R 160733Z JAN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 387

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 0553

E.O. 11652: N/A

TAGS: EGEN, ETRD, RP

SUBJECT: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION

REF: STATE 239800

1. MANILA STRONGLY SUPPORTS VIEW EXPRESSED REFTTEL THAT WE CAN AND SHOULD GO FURTHER IN MAKING COMMERCIAL EXPERTISE AND DEDICATION TO U.S. COMMERCIAL POLICY OBJECTIVES A TRADEMARK OF THE DEPARTMENT AND OF THE SERVICE. WHILE NO OATTEMPTING TO SPEAK FOR ANY OTHER POST, WE PUT FORTH IN THIS MESSAGE SOME PARTICULAR THOUGHTS ABOUT THE ORGANIZATION OF OVERSEAS MISSIONS AS SEEN FROM MANILA TO MEET THE COMMERCIAL CHALLENGE AND SOME GENERAL OBSERVATIONS ON THE WAY WE SEE THAT CHALLENGE DEVELOPING IN OUR COMPETITIVE ENVIRONMENT.

2. AS DEPARTMENT IS AWARE (MANILA 4469), THIS POST HAS BEEN WILLING TO EXPERIMENT, ESPECIALLY WITH THE STAFFING PATTERN NEEDED TO MEET THE FULL REQUIREMENTS OF OVERSEAS COMMERCIAL WORK. TO THAT END WE HAVE MERGED ECONOMIC AND COMMERCIAL FUNCTIONS SO THAT EACH OFFICER IN THE INTEGRATED SECTION HERE HAS ASSIGNED COMMERCIAL AS WELL AS ECONOMIC RESPONSIBILITIES. THIS WEEK, FOR EXAMPLE, OUR FINANCE OFFICER, CHARLES ANGEVINE, IS CONTROL OFFICER OF A COMMUNICATIONS EQUIPMENT AND SERVICES TRADE MISSION, LIMITED OFFICIAL USE

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HAVING TAKEN RESPONSIBILITY WITH THE ASSISTANCE OF THE

COMMERCIAL ATTACHE FOR ALL PHASES OF PLANNING. WE EXPECT THAT EACH OFFICER IN THE SECTION WILL HAVE SUCH EXPERIENCE AT LEAST ONCE IN ADDITION TO CARRYING OUT ECONOMIC/COMMERCIAL REPORTING AND OTHER FUNCTIONS RELATED TO SUBJECT RESPONSIBILITIES.

3. WE DO NOT CONSIDER THE APPROACH IN MANILA SO MUCH A DEPARTURE AS A TEST OF SOME BASIC TRUTHS ABOUT THE ECONOMIC/COMMERCIAL FUNCTION. WE BELIEVE THERE IS NO SUBSTITUTE FOR DEVELOPING A PRACTICAL KNOWLEDGE OF TRADE PROMOTIONAL ACTIVITIES IN EVERY OFFICER OF THE ECONOMIC AND COMMERCIAL STAFF; BUT WE ALSO FEEL THAT THE MOST EFFECTIVE AWARENESS OF BUSINESS OPPORTUNITIES COMES FROM AN ACROSS-THE-BOARD UNDERSTANDING OF ECONOMIC AND COMMERCIAL FACTORS OF AN INDUSTRY, A SECTOR OR A COUNTRY.

4. IF WE ARE TO "STRENGTHEN THE COMMERCIAL FUNCTION OF THE FOREIGN SERVICE IN A THOROUGH AND LASTING SENSE", WE BELIEVE THE INTEGRATION WE ARE ATTEMPTING TO INSTITUTIONALIZE AT THIS POST IS ULTIMATELY THE ONLY WAY TO GO. GRADUALLY IN THE PAST DECADE THE SERVICE HAS TURNED ECONOMIC REPORTING TOWARD MORE IMMEDIATE SERVICE OF U.S. FINANCIAL, TRADE AND INVESTMENT INTERESTS, NOT DIMINISHING THEREBY THE WEIGHTS OF ECONOMIC FACTORS IN POLITICAL APPRAISALS. GRADUALLY WE HAVE COME TO RECOGNIZE THAT "ECONOMIC AND COMMERCIAL" FOR MANY OF OUR PURPOSES SUGGESTS AN UNREAL DISTINCTION. WE, THEREFORE, HAVE MOVED CLOSER TO A CONCEPT OF TRAINING AND ASSIGNMENT WHICH WOULD PERMIT OFFICERS IN THE SO-CALLED ECONOMIC AND COMMERCIAL CONE TO SERVE COMFORTABLY IN EITHER ROLE. THE NEXT STEP, WE SUGGEST, IS TO CLEARLY AND DECISIVELY INTEGRATE THE ROLES, AND BRING ALONG A CADRE OF OFFICERS WHO ROUTINELY DO AND EXPECT TO DO THE WHOLE RANGE OF JOBS.

5. THIS EMBASSY AND MOST OTHERS IN THE FOREIGN SERVICE ARE NOW WORKING TO IMPLEMENT A NUMBER OF ECONOMIC AND COMMERCIAL DIRECTIVES THAT IT IS WELL WORTH SUMMARIZING. WE ARE ENJOINED TO (A) UPGRADE THE SCMJE AND LEVEL OF LOCAL STAFF ACTIVITIES INCLUDING GREATER ACROSS-THE-BOARD RESPONSIBILITY FOR LOCAL PERSONNEL; (B) IMPROVE UTILIZATION OF OTHER ELEMENTS OF U.S. MISSIONS, E.G. USIS, AID, USADB; (C) EXPAND AND IMPROVE THE QUALITY OF CONTACT AND DIALOGUE WITH RESIDENT BUSINESS FIRMS AND GROUPS; AND (D) ENGAGE AMERICAN FIRMS AND BUSINESS GROUPS AS LIMITED OFFICIAL USE

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MUCH AS POSSIBLE IN SUPPORT OF U.S. OFFICIAL COMMERCIAL ACTIVITIES ABROAD. ALL OF THESE INSTRUCTIONS SUGGEST THAT A NEW CONCEPT OF SERVICE TO BUSINESS, INVOLVING MORE DIRECTLY ALL ELEMENTS OF THE U.S. MISSION AND INVOLVING MORE REGULARLY ALL PERSONNEL OF THE ECONOMIC/COMMERCIAL STAFF, SHOULD BE INSTITUTED. WE PROPOSE IN THIS SPECIFIC REGARD THAT IT IS TIME OVERSEAS ECONOMIC AND COMMERCIAL ORGANIZATIONS REFLECT DIRECTLY THE INTENT OF RECENT CHANGES IN COMMERCE AND IN THE DEPARTMENT'S EB

BUREAU BY OFFERING A BROADER AND MORE INTENSIVE BODY OF SERVICES TO BUSINESS. WE ARE DEVELOPING A PROPOSAL TO THIS EFFECT FOR MANILA WHICH WILL BE THE SUBJECT OF A SEPARATE MESSAGE.

6. WHILE TUNING UP IN THE FIELD, WE BELIEVE THAT A MAJOR EFFORT REMAINS TO BE MADE BY WASHINGTON AGENCIES. WITH RESPECT TO THE REGIONAL BUREAUS OF STATE, WE BELIEVE THAT ALL ELEMENTS NEED TO INVOLVE THEMSELVES MORE DIRECTLY AND ROUTINELY IN COMMERCIAL ACTIVITIES. WE NEED, AS SEEN FROM THE FIELD, A MORE DAY-TO-DAY AWARENESS OF DEVELOPMENTS AND A RECOGNIZED OBLIGATION OF OFFICERS IN REGIONAL BUREAUS TO SERVE AS A CATALYST TO THE TRADE ACTIVITIES OF WASHINGTON AGENCIES. COMMITMENTS OF EXPORT PROMOTION MUST BE AT LEAST AS STRONG AT THE DESK LEVEL AS IT IS IN THE SENIOR RANKS, AND DESK LEVEL ATTENTION TO BIG TICKET EXPORT OPPORTUNITIES SHOULD BE AT LEAST AS ROUTINE AS DEVELOPMENT OF AN AID PROPOSAL. IT SHOULD HAVE A PRIORITY EQUIVALENT TO THE DAY-TO-DAY APPRAISAL OF POLITICAL EVENTS.

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7. ONE ADDITIONAL THOUGHT CONCERNS THE ROLE THAT RECRUITMENT, TRAINING, PROMOTION AND ASSIGNMENT POLICY MUST PLAY IN CARRYING OUT OUR COMMERCIAL FUNCTION. ONE OF THE STRENGTHS OF THE SERVICE IN RECENT YEARS HAS BEEN THE ATTENTION DEVOTED TO TRAINING A CADRE OF ECONOMIC AND COMMERCIAL OFFICERS AND TO SEEING THAT THE REWARDS FLOW TO THAT TRAINING THROUGH ACHIEVEMENT OF RESPONSIBLE JOBS AND EQUITABLE PARTICIPATION IN PROMOTIONS. WE MUST MAINTAIN AND EXPAND THIS BODY OF SKILLS AND, NO MATTER WHAT THE OUTCOME OF CURRENT REVIEWS BEING UNDERTAKEN IN THE CONE SYSTEM, THE SERVICE MUST CONTINUE TO FIND MEANS TO PRODUCT BOTH

SKILLED AND WELL-MOTIVATED PEOPLE IN THE ECONOMIC AND COMMERCIAL FUNCTIONS.

8. THE ORGANIZATIONAL AND MANAGEMENT STEPS THAT WE SUGGEST ABOVE WE BELIEVE MUST BE DIRECTED TO MEETING SOME OLD AND WELL-KNOWN AS WELL AS SOME IMPORTANT NEW INTERNATIONAL ECONOMIC REALITIES. IN THE PAST DECADE WE HAVE WITNESSED AMONG OUR MAJOR TRADING PARTNERS NOT ONLY A GROWING STRENGTH BUT AN INCREASINGLY CORPORATE TRADE PRACTICE. "JAPAN, INC." IS ONLY A CLEAR-CUT CASE. WE EXPECT FROM LOCAL AND REGIONAL REACTIONS THUS FAR SAMPLED THAT THE ENVIRONMENT FOR U.S. EXPORTS IS NOW UNDERGOING A MORE RAPID AND DEEPER REAPPRAISAL THAN EVER BEFORE UNDERTAKEN BY OUR TRADE PARTNERS. THE CUMULATIVE SHOCKS OF THE ENERGY CRISIS, FOLLOWING CLOSELY ON THE HEELS OF COMMODITY DEMAND/SUPPLY CRISES AND MONETARY DISTURBANCES ARE FORCING THE PHILIPPINES AND OTHER COUNTRIES TO REVIEW THE VALUES OF ALL TRADE RELATIONSHIPS. IN SO DOING, THEY ARE BRINGING TO BEAR A LIMITED OFFICIAL USE

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MORE PRAGMATIC LOGIC, REACHING MORE CALCULATED CONCLUSIONS AND POSSIBLY LOOKING MORE CYNICAL TO THE RESULTS THAN IN THE PAST. WE MEAN MORE BY THIS THAN MERELY THAT ARAB ECONOMIC DIPLOMACY IS CONTAGIOUS. RATHER THE IMPACT OF THAT DIPLOMACY HAS BROUGHT WIDE REALIZATION THAT COUNTRIES NEED TO PROTECT THEMSELVES FROM TOO NARROW A DEPENDENCE EITHER ON MARKET OR OF SOURCE. WITH THAT AS A POINT OF DEPARTURE, THEY APPEAR TO BE MOVING TOWARD DIRECTING EXPORTS WHERE THEY SEEM TO DO THE MOST GOOD. FOR EXAMPLE, PHILIPPINE CEMENT EXPORTS TO ARAB COUNTRIES HAVE BEEN CANCELLED, ACCORDING TO INDUSTRY SECRETARY PATERNO WHO WROTE THE ORDER, ENDING AN INDICATION OF WHETHER AT LEAST THE PER TON ENERGY USE EQUIVALENT OF OIL WILL BE FORTHCOMING. A MAIN THEME OF THE TANAKA VISIT TO MANILA LAST WEEK WAS DIVERSIFICATION AND RELIABILITY OF SOURCE, A MESSAGE WHICH APPLIES TO US AS SUPPLIERS AS WELL AS TO THE JAPANESE.

9. CLEARLY, IT BECOMES NECESSARY IN THIS EMERGING SETTING TO COVER OUR MARKETS MORE CLOSELY, TO URGE INDIVIDUAL BUSINESSMEN TO SURVEY THEIR MARKETS MORE REGULARLY, TO ARRAY OUR FINANCING TOOLS SO THAT THEY CAN BE BROUGHT TO BEAR MORE EXPEDITIOUSLY AND, IN GENERAL, TO HONE OUR EXPORT REFLEXES. CURRENCY REALIGNMENTS IN THE PAST FEW DAYS WHICH SEEM TO BE UNDERCUTTING OUR NEWLY-ACQUIRED COMPETITIVENESS MAKE THIS ALL THE MORE NECESSARY. SULLIVAN

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